



For Immediate Release

CRA reports Q3 business growth

Group registers increases in turnover and net profit

Hong Kong, 7 November 2008 – Convenience Retail Asia Limited (“CRA” or “the Group”; SEHK: 08052), operator of Circle K convenience stores and Saint Honore cake shops in Hong Kong and on the Chinese mainland, announced that it achieved satisfactory performance and growth in key areas during Q3 2008 despite the onset of economic downturn and weakened consumer sentiment in Hong Kong and Guangzhou.

For the three-month period ended 30 September 2008, the Group’s turnover was HK\$898.5 million, an increase of 10.8% when compared to the same period last year. Meanwhile, net profit attributable to shareholders increased by 0.4% to HK\$28 million year-on-year. The Group held a net cash position of HK\$484.4 million as of 30 September 2008.

Mr. Richard Yeung, Chief Executive Officer of CRA, said, “Despite the turbulence in the global financial markets and prevailing negative consumer sentiment, we believe there are opportunities to maintain the Group’s performance at acceptable levels even with more challenging times ahead. In the meantime, our substantial cash reserves and healthy cash flow without any bank borrowings should also protect us against the global credit crunch.”

CRA recorded a gross margin and other income excluding interest as a percentage of turnover increased to 37.6% during the third quarter, compared to 37.2% achieved in the same period last year. However, this was offset in part by a squeeze on gross margin in the Group’s bakery business, which itself was the result of rising food costs. Operating expenses also increased from 33.1% of turnover to 33.7%, due largely to rising staff cost.

Business Review

Weakening domestic consumption, rising inflation and financial distress all contributed to a downturn in Hong Kong in the third quarter of the year. Nevertheless, the Group managed to achieve an increase in turnover largely through the opening of new stores, an increase in comparable store sales (stores in existence throughout 2007 and 2008) and festive sales from Mid-Autumn Festival moon cakes.

Comparable convenience stores sales in Hong Kong and Southern China increased by 5.2% and 5.5% respectively over the third quarter of 2007. In Hong Kong this was the result of enhanced category management and dedicated promotional efforts, including the effect of the hot summer and the Olympics, which helped generate substantial sales increases in the packaged drink, ice cream, confectionery and snack categories.

Meanwhile, Saint Honore cake shops enjoyed high sales of traditional moon cakes as well as the new “snowy” moon cake during the Mid-Autumn Festival, which occurred in September this year.

In mainland China, total retail sales increased by 21.9% in value year on year, driven primarily by consumer sentiment and price inflation. Erratic price inflation created pressure on the Group’s costs, negatively affecting gross margin during the period. Sustained price inflation, uncertainty in the real estate and stock markets, and reduced post-Olympic consumption all point to a continued slump in consumer sentiment, as evidenced by the 97.3 to 93.7 drop in the Consumer Confidence Index from August 2007 to August 2008 as recorded by the National Bureau of Statistics.

Outlook

Turbulence in the global financial markets is expected to continue affecting consumer sentiment and retail overall. However, it is anticipated that non-discretionary product categories, which comprise the majority of the Group’s offerings and include items such as packaged food, drinks and bakery products, should be comparatively less affected. The Group will maximise current market sentiment by offering daily consumables with value propositions. The Group also believes that a major retail rental correction could provide opportunities for desirable store sites in Hong Kong and Guangzhou.

Mr. Yeung said, “In the near term, the Group will moderate its business expansion and close less profitable stores as it takes prudent steps toward securing its long-term business interests as well as those of its shareholders. Along with innovative, timely marketing campaigns, excellence in operation, and tight control of cost and expenses, we believe we will be well prepared for a challenging 2009 and beyond.”

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About CRA

Convenience Retail Asia Limited (CRA, SEHK stock code: 08052), a member of Li & Fung Retailing, is engaged in the operation of one of the leading convenience store chains in Hong Kong under the brand name of Circle K.

In February 2007, CRA acquired Saint Honore Cake Shop Ltd.

As of 30 September 2008, there were 84 company-owned-and-managed Circle K stores outside Hong Kong, together with 3 franchised stores in Guangzhou, 28 licensed stores in Macau and Zhuhai — giving a total of 115 Circle K stores outside Hong Kong. Adding these to the 278 stores in Hong Kong, the Group operates a total of 393 Circle K stores in the Pearl River Delta. Together with the Saint Honore chain, which currently has a total of 108 stores in Hong Kong, Macau and Guangzhou, the Group operates a total store network of 501 outlets as at the end of the third quarter of 2008.

(CRA website: www.cr-asia.com)

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Convenience Retail Asia Limited

利亞零售有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08052)

THIRD QUARTERLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

Three Months Ended 30 September		2008	2007
• Revenue	+10.8%	HK\$898,474,000	HK\$810,849,000
• Profit attributable to shareholders of the company	+0.4%	HK\$27,953,000	HK\$27,838,000
• Earnings per share	+0.3%	HK3.83cents	HK3.82 cents
Nine Months Ended 30 September		2008	2007
• Revenue	+16.5%	HK\$2,487,873,000	HK\$2,135,195,000
• Profit attributable to shareholders of the company	+3%	HK\$67,273,000	HK\$65,341,000
• Earnings per share	+1%	HK9.22 cents	HK9.13 cents
• Interim dividend per share	0%	HK1.7 cents	HK1.7 cents

HIGHLIGHTS

- Satisfactory performance of convenience store business in Hong Kong
- Downturn in consumer sentiment in Hong Kong and Guangzhou affected business outlook
- Seasonal sales of Mid-Autumn Festival moon cakes contributed a significant portion towards Saint Honore business results in the third quarter
- Substantial inflation in food costs resulted in tighter margin in the bakery businesses
- Net cash position of HK\$484.4 million as of 30 September 2008

Number of Stores as of 30 September 2008

Circle K Convenience Stores

Hong Kong	278
Guangzhou	73
Dongguan	5
Shenzhen	6
Subtotal	362

Franchised Circle K Stores

Guangzhou	3
Macau	16
Zhuhai	12
Subtotal	31
Total Number of Circle K Stores	393

Saint Honore Group

Hong Kong - Cake Shop	74
- Bread Boutique	11
Subtotal	85
Macau - Cake Shop	7
Guangzhou - Cake Shop	16
Subtotal	23
Total Number of Saint Honore Stores	108
Total Number of Stores under Convenience Retail Asia	501

Convenience Retail Asia Limited

Unaudited Consolidated Profit & Loss Account

Nine months ended 30 September

	2008	2007
	HK\$'000	HK\$'000
Revenue	2,487,873	2,135,195
Cost of sales	(1,731,359)	(1,503,224)
Gross profit	756,514	631,971
Other income	164,026	153,243
Store expenses	(660,628)	(563,835)
Distribution costs	(62,327)	(46,833)
Administrative expenses	(110,556)	(94,479)
Operating profit	87,029	80,067
Finance costs	-	(745)
Profit before income tax	87,029	79,322
Income tax expenses	(19,756)	(17,820)
Profit for the period	67,273	61,502
Profit attributable to:		
Shareholders of the Company	67,273	65,341
Minority interests	-	(3,839)
	67,273	61,502
Dividend	12,409	12,384
Earnings per share for profit attributable to the shareholders of the Company		
- Basic earnings per share	HK9.22 cents	HK9.13 cents
- Diluted earnings per share	HK9.22 cents	HK9.10 cents